

PBP Example for a Services Program

Overview:

The government has not been achieving the levels of mission availability that it desires for a new family of tracked vehicles that are now deployed worldwide. The primary cause for this lower-than-expected performance has been shown to be problems in the logistic support of some of the specialized maintenance equipment that is unique to this new class of vehicle. Following a full and open competition, a contractor has been selected to perform a detailed evaluation of the current approach to worldwide logistics support of this critical equipment, to identify modifications to existing item management systems necessary to improve asset visibility, and to implement those modifications at both the centralized asset management office and the regional deployment locations. The work is to be completed in 30 months. The price of the entire effort is \$8.5 million.

Performance Events:

The parties negotiated and agreed upon the following performance events for providing contract financing over the term of this effort:

Event No.	Description
1	Submission of data analysis plan for evaluating recent mission capability rate performance.
2	Completion of the assessment of current asset management systems.
3	Completion of 20% of the estimated software code modifications.
4	Completion of 80% of the estimated software code modifications.
5	Completion of end-to-end test of modified software code.
6	Completion of software modification implementation plan for central and regional installations.
7	Completion of central installation software code implementation.
8	Completion of 50% of regional installation software code implementation.
9	Completion of all regional installation software code implementation.

The verification procedures and values agreed upon for these performance-based payment events are shown in the following table:

Performance-Based Payments

Event No.	Event type (severable (S) or cumulative (C))	Description	Accomplishment expected	Method of verification	Event value
1	S	Submission of data analysis plan for evaluating recent mission capability rate performance.	Submit the plan for data analysis.	Receipt of the plan by the Program Manager.	\$500,000
2	S	Completion of the assessment of current asset management systems.	Submit report on assessment of the performance and operation of the current asset management systems and an estimate of the amount of software code modifications required.	Receipt of the report by the Program Manager.	\$500,000
3	S	Completion of 20% of the estimated software code development and testing efforts.	% complete on each element in work breakdown structure (at CLIN level) based on # of actuals that pass functional test.	Modules/units tested to plan. Verification of test records by DCMA representative.	\$500,000
4	C	Completion of 80% of the estimated software code development and testing efforts.	% complete on each element in work breakdown structure (at CLIN level) based on # of actuals that pass functional test.	Modules/units tested to plan. Verification of test records by DCMA representative.	\$2,000,000
5	C	Completion of end-to-end test of modified software code.	Perform full system test of the asset management	Verification of successful test completion by the Program	\$1,000,000

Event No.	Event type (severable (S) or cumulative (C))	Description	Accomplishment expected	Method of verification	Event value
			system containing all code modifications. Completion of this event is conditioned upon the completion of events 3 and 4.	Management Office's Software System Manager.	
6	S	Completion of software modification implementation plan for central and regional installations.	Prepare software implementation plan and schedule for all installations contemplated.	Receipt of the plan and schedule by the Program Manager.	\$500,000
7	C	Completion of central installation software code implementation.	Install and run performance validation tests on all software systems in which code modifications have been installed. Completion of this event is conditioned upon the completion of event #6	Acceptance of software installation by the Program Management Office's System Software Manager.	\$1,500,000
8	S	Completion of 50% of regional installation software code implementation.	Install and run performance validation tests on all software systems in which code modifications have been installed.	Acceptance of software installation by unit responsible official at 50% of world-wide locations.	\$575,000
9	C	Completion of all	Install and run	Acceptance of	\$575,000

Event No.	Event type (severable (S) or cumulative (C))	Description	Accomplishment expected	Method of verification	Event value
		regional installation software code implementation.	performance validation tests on all software systems in which code modifications have been installed. Completion of this event is conditioned upon the completion of event #8.	software installation by unit responsible official at all worldwide locations.	

NOTE: Final payment will be made upon delivery and acceptance of all final documentation for the software and operating procedure modifications developed under the contract.